

U.S.-MEXICAN RELATIONS

U.S.-Mexican relations are closer and more positive than they have been in some years. The Mexicans valued the extraordinary economic assistance measures we took at the high point of their economic crisis last August, and undoubtedly see the U.S. connection as essential if they are to overcome their present difficulties. Our assistance measures included: advance payment of \$1 billion for oil for the U.S. Strategic Petroleum Reserve; commodity credit export guarantees amounting ultimately to \$1.7 billion; U.S. cooperation with other central banks in arranging a \$1.85 billion short-term loan to Mexico; a number of other "swap" loans allowing Mexico to meet its short-term commitments; and encouragement to private banks to extend or renegotiate loans they have with Mexico. Nevertheless, anti-Americanism still runs strong in Mexican politics and our motives are often questioned in strong nationalist circles.

The closeness of our relations has been furthered by the excellent working relationships of U.S. and Mexican political leaders. Contacts between U.S. and Mexican legislators as well as Secretary Shultz' trip to Mexico City with Secretaries Regan and Baldrige are good examples of the closeness of U.S.-Mexican ties. Secretary Shultz' visit to Mexico City took place in a particularly cordial atmosphere.

The strength of the relationship is also reflected in the progress made on various issues over the past two years. Though the Mexicans remain concerned over the potential consequences of the Simpson-Mazzoli bill, we have briefed them fully on it, demonstrating that we are aware of their concerns. We have cooperated closely on numerous law enforcement issues, including a successful program of marijuana and heroin eradication, while encouraging greater Mexican cooperation in extraditing persons wanted by the U.S. We have also worked smoothly on border issues and the Mexicans appear to share our desire for closer border economic cooperation. At the same time, U.S.-Mexican trade remains enormous (Mexico has been our third largest trading partner). Discussions on outstanding trade issues have been resumed as an outgrowth of the recent Shultz-Regan-Baldrige visit, though major issues remain. A number of other irritants also remain, including differences over tuna and border sanitation problems.

Progress in our bilateral relations with Mexico has not been compromised by our traditional differences with regard to Central America. U.S. and Mexican policies toward Central America have differed substantially on the means to secure peace in the region, with the Mexicans often favoring left-wing or revolutionary groups. The Mexicans consider themselves,

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with considerable justification, as having played a key role in the success of the Sandinista revolution in Nicaragua. They also have called for negotiations between the parties to resolve the conflict in El Salvador. One of the important motivations for Mexico's policy is its conviction that social and economic problems lie at the root of Central American conflict and that these can best be solved by revolutionary governments.

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